CCB - MCI / WorldCom

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TEXAS AFL-CIO

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JOE D. GUNN
President

EMMETT SHEPPARD
Secretary-Treasurer

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 25, 1998

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The Honorable William E. Kennard
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, DC 20554

CC Docket No. 97-211

RE: In the Matter of Applications of WorldCom, Inc. and MCI Communications Corporation for Transfer Control of MCI Corporation to WorldCom, Inc.

Dear Chairman Kennard:

The proposed merger of MCI and WorldCom is not good for consumers. The merger--the largest in U.S. history--would reverse two decades of pro-competitive telecommunications policy.

The merger would create a $40 billion monopoly in the telecommunications industry with 63% control over the Internet backbone, the part of the Net that connects thousands of service providers, through which, consumers access the Net. With its overwhelming control of the Internet, MCI/WorldCom will have the power to set prices, restrict access, and squeeze out many Internet service providers. This will result in higher prices for consumers.

By reducing competition, the MCI/WorldCom merger will lead to higher rates in local and long distance telephone service. It would delay investment in network upgrades to bring advanced information services to all Americans, particularly those in under served communities.

A WorldCom/MCI combination would eliminate one aggressive competitor both to AT&T in long distance and to the Bell companies in local phone service. For consumers, the merger means a retreat from MCI's planned expansion into local residential and small business service. Moreover, WorldCom/MCI's plan to focus mainly on business customers will take revenues away from the public switched network, further delaying investments that would bring advance telecommunications services to ordinary consumers. As a result, the merger will foster a two-tiered information highway--one that promotes access for high-valued corporate customers at the expense of individual customers.

The merger will reduce job creation. Cuts in network investment, sales, and other areas will reduce job growth in the telecommunications industry by more than 75,000 jobs over the next four years.

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Because MCI, World/Com and the Internet are not regulated, this merger review is your only opportunity to protect consumers by preserving and advancing competition in all telecommunications markets. We encourage your strong action to stop the anti-competitive, anti-consumer merger between these companies.

Sincerely,

Joe D. Gunn

Emmett Sheppard

Joe D. Gunn
President

Emmett Sheppard
Secretary-Treasurer

JDG/ES/vc
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TEXAS AFL-CIO RESOLUTION

Opposition to Proposed WorldCom-MCI Merger

Resolution #__

By: Communications Workers of America International Union, AFL-CIO

WHEREAS, A WorldCom-MCI merger violates the pro-competitive intent of the 1996 Telecommunications Act; and

WHEREAS, WorldCom has demonstrated an ongoing disregard for providing telecommunication services to the residential market while actively campaigning against providing universal service (the program that guarantees every Texan local telephone service at a reasonable rate) imposing potential harm particularly to minority, low-income, and rural Texans; and

WHEREAS, A WorldCom-MCI merger would harm residential and small business customers in Texas by decreasing contributions to support Universal Service; and

WHEREAS, A WorldCom-MCI merger would significantly consolidate the long distance market by combining the second and fourth largest companies in the industry; and

WHEREAS, A WorldCom-MCI merger would decrease facilities-based investment reducing local network development and consumers options; and

WHEREAS, A WorldCom-MCI merger would control more than 60 percent of the internet backbone, potentially raising prices for consumers through discriminatory access and pricing policies; and

WHEREAS, WorldCom and MCI senior executives would reap more than $320 million in bonuses; and

WHEREAS, A WorldCom-MCI merger would combine two non-union companies that would cut job growth in the industry by more than 75,000 jobs over the next four years; therefore, be it

RESOLVED: That the Texas AFL-CIO opposes the proposed WorldCom-MCI merger based on its overall negative impact on its members, their families and all Texans; be it further

RESOLVED: That the Texas AFL-CIO will voice its vigorous opposition to the proposed WorldCom-MCI merger before the Texas Congressional delegation and all appropriate government departments and agencies, including but not limited to the U.S. Department of Justice, the Federal Communications Commission, and the Texas Public Utility Commission.

Unanimously passed by delegates at the
Texas AFL-CIO COPE Convention, Jan. 13, 1998

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